

Tourism is the second-largest industry in Santa Fe, and the Convention and Visitors Bureau (CVB) is the city organization responsible for attracting visitors to the city. The average number of visitors to Santa Fe is 1.6 million annually; these visitors generate approximately \$5.4 million in lodgers tax each year and provide a significant contribution to gross receipts tax revenues as well. Tourism also creates many jobs in the city, thereby stimulating the local and regional economy.

CVB staff work closely with local hotels and other tourism-related businesses to promote Santa Fe as a culturally and historically significant visitor and conference destination. Through advertising and promotional efforts, CVB generates visitor interest in Santa Fe and fulfills all visitor inquiries. The Bureau also coordinates with the local tourism industry to promote Santa Fe through advertising, direct mail, sales blitzes, familiarization tours and trade shows, in accordance with the CVB marketing plan.

The mission of the Sweeney Convention Center is to generate revenue and tourism for the city by renting space to clients hosting events at the center. All clients receive exemplary service from staff, ensuring that their events are handled and executed with the highest level of quality.

2004/05 Operational Highlights:

- Increased hotel occupancy in Santa Fe from 62.8% in FY 2003/04 to 66.4% in FY 2004/05.
- Increased group hotel room nights from 23,710 in FY 2003/04 to 39,800 in FY 2004/05.
- Generated 174,483 client leads through the division's advertising programs, an increase of 4.4% over the 167,088 leads generated in FY 2003/04.
- Continued to beautify the grounds around the Sweeney Convention Center by adding flower pots, installing ashtrays to clean up the front and back patios, painting the front lobby, changing light fixtures, and keeping up with daily routine maintenance.
- Increased Sweeney Center conferences, meetings, concerts, receptions, and government business by 15%.

2005/06 Goals and Objectives:

- Increase the number of visits to the CVB website to 1,900,000 user sessions.
- Deliver and mail 500,000 visitors guides for potential visitors to Santa Fe.
- Generate 300,000 leads through media placement.
- Increase the number of rooms booked annually by actively promoting Santa Fe as a destination, with a target level of 30,000 group room nights.
- Enhance lodgers tax revenue by pursuing groups having the potential to meet in Santa Fe; with the goal to raise annual lodgers tax revenue performance to \$7,500,000.

- Increase lodging room occupancy rates in the city by 3%.
- Complete construction and begin operation of the city's new Convention Center and parking garage to assist in making Santa Fe a world-class convention destination.

Budget Commentary:

The FY 2005/06 operating budget for the Convention and Visitors Bureau (CVB) is \$2,440,611 which is supported by the Marketing Lodgers Tax Fund (2115). This provides funding for the salaries and benefits of 16 staff members, an advertising budget of \$933,827 that is used for promotion purposes, and miscellaneous contracted promotional services (including website development) totaling \$268,744.

The primary resource used by the Bureau to support its activities is the Lodgers Tax. The Lodgers Tax derives its revenue from the collection of an occupancy tax imposed on lodging within the municipality. The tax is restricted as to use, and may only be expended for advertising, publicizing and promoting tourist facilities and attractions, the cost of safety and sanitation services, for special events, administrative costs, constructing and operating convention halls and similar facilities, and for payment of principal and interest on revenue bonds issued for construction or acquisition of these facilities. However, in July 1996 the State Legislature approved legislation to provide more flexibility in use of the tax. The city of Santa Fe has imposed an increment at 5% of the authorized tax for utilization as follows:

3% - For advertising, publicizing and promoting the city of Santa Fe, including Sweeney Convention Center and tourist facilities and attractions, and for operating and improving the convention center. Of the 3%, at least one-half must be expended on advertising and promotion.

1% - This increment, imposed effective July 1987, is dedicated to the promotion and advertising of non-profit performing arts and attractions that promote tourism and enrich the entire community. By state law, of the 1%, at least one-fourth must be expended on advertising and promotion.

1% - This increment, imposed effective May 1999, is dedicated for a new convention center or major improvements to the current convention center. Although at least one-fourth must be expended on advertising and promotion for the two 1% increments combined, all of the first 1% increment is expended for those purposes so the city continues to meet or exceed the state requirement.

2% - These increments (one imposed effective February 2004 and one imposed effective July 2004) are dedicated for a new convention center and adjoining parking facility. It is technically a convention center fee, however, it is administered similar to a lodgers' tax increment. A bond issue has been approved for the project using these funds for debt service; however, any remaining funds may be used for operations and/or a capital reserve fund.

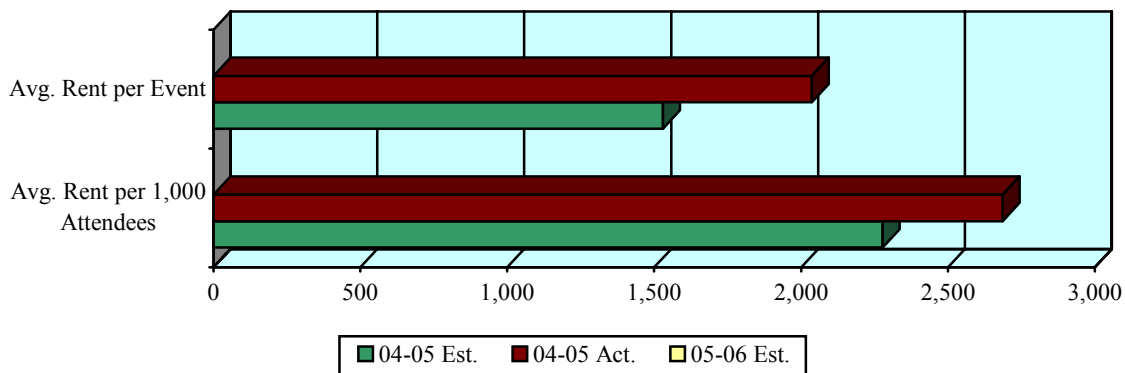
Total Lodgers Tax collections for FY 2005/06 are projected at \$7,897,400. All funds are deposited into the Lodgers Tax Fund (2114) and distributed to support various citywide activities.

The operating budget for Sweeney Center Operations is \$878,154 and is supported by the Sweeney Center Enterprise Fund (5100). The major expenses include salaries and benefits for 10 staff members, and operations and maintenance costs for the convention center. The largest single category of non-staff expenses is utilities, wherein \$91,000 is budgeted for FY 2005/06 to pay for electric, gas and water services at the Sweeney Center. Another

major item is the Sweeney Center's various types of insurance coverage, which is budgeted at \$43,576 for FY 2005/06.

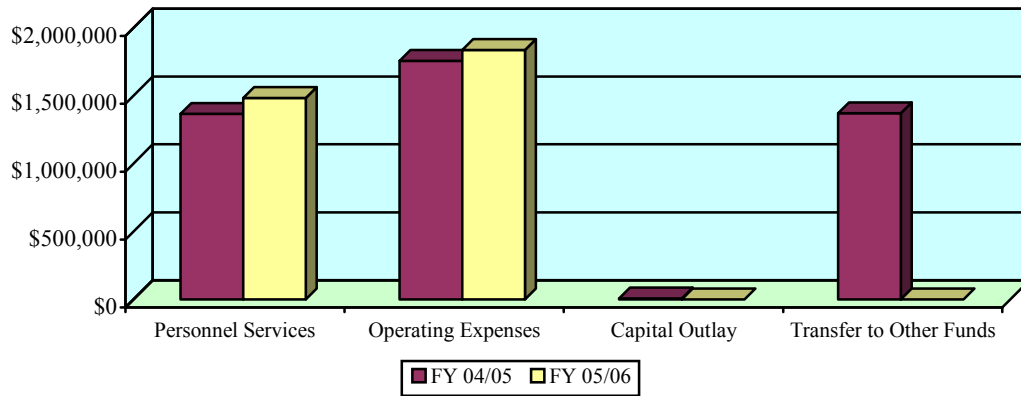
<u>Standard Program Measurements:</u>	<u>04/05</u> <u>EST.</u>	<u>04/05</u> <u>ACTUAL</u>	<u>05/06</u> <u>EST.</u>
1. Lodgers tax collected	\$6,769,200	\$7,734,741	\$7,897,400
2. Santa Fe visitor inquiries	330,000	174,483	180,000
3. Lodging—group room nights	25,000	39,800	25,000
4. Number of major Sweeney Center events	83	87	*
5. Average rental income per event	\$ 1,530	\$ 2,036	*
6. Number of Sweeney event attendees (est.)	55,740	65,965	*
7. Average rental income per 1,000 attendees	\$ 2,278	\$ 2,686	*

*Estimates not made for FY 2005/06 due to the planned closure of Sweeney Center resulting from the construction of a new convention center on the site of the current facility



<u>POSITION/CLASSIFICATION</u>	<u>FY 05/06</u> <u>ACTUAL</u>	<u>FY 05/06</u> <u>BUDGET</u>
Convention & Visitors Bureau Director	1 – EX	1 – EX
Administrative Assistant	1 – CLFT	2 – CLFT
Administrative Secretary	2 – CLFT	1 – CLFT
Convention Center Operations Supervisor	1 – CLFT	1 – CLFT
Convention Service Supervisor	1 – CLFT	1 – CLFT
Convention Specialist	5 – CLFT	5 – CLFT
Convention Specialist Lead Worker	2 – CLFT	2 – CLFT
CVB Mail/Duplicating Technician	3 – CLFT	3 – CLFT
Information Specialist	4 – CLFT	4 – CLFT
Mailroom Specialist Lead Worker	1 – CLFT	1 – CLFT
Planner Senior	1 – TCF	1 – TCF
Project Manager	1 – CLFT	1 – CLFT
Sales & Marketing Assistant	1 – CLFT	1 – CLFT
Sales & Marketing Manager	<u>2</u> – EX	<u>2</u> – EX
TOTAL:	26	26

EXPENDITURE CLASSIFICATION



	<u>FY 04/05 REVISED</u>	<u>FY 05/06 APPROPRIATION</u>
Personnel Services	\$ 1,364,967	\$ 1,483,024
Operating Expenses	1,754,709	1,835,741
Capital Outlay	6,879	0
Transfer to Other Funds	<u>1,369,994</u>	<u>0</u>
 TOTAL:	 \$ 4,496,549	 \$ 3,318,765